THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) Government has conveyed "in principle" approval to the Public Sector Oil Marketing Companies (OMCs) for expanding the product line by way of introduction of composite cylinders for marketing domestic LPG, subject to there being no subsidy element in the LPG to be marketed through these composite cylinders. To start with, Indian Oil Corporation Limited (IOC) along with Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) intend to import some cylinders and do test marketing in selected cities.

(d) and (e) OMCs are procuring LPG cylinders from cylinder manufacturers who have valid manufacturing licences from the Bureau of Indian Standards (BIS) and the Chief Controller of Explosives (CCOE). LPG cylinders procured by OMC meet the required quality standards.

OMCs have reported that necessary approval of CCOE has been obtained for use of composite cylinders for LPG CCOE has also granted approval to M/s Ragaco AS, Norway for their composite cylinders.

Permission of break from drilling activities

581. SHRI GREESH KUMAR SANGHI: : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that oil industry's exploration and production companies have been urging Government to grant a three year break from drilling eseploratory wells,

(b) if so, whether any penalties have been imposed on such companies as they are failing short of the work target promised to Government; and

(c) whether grant sought for three year break may not result in substantial decrease in crude oil and gas production as even now we are importing about 40 per cent of our requirements of petroleum products?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSH A. J. PATEL): (a) Yes, Sir. A few E&P companies have approached Government seeking a drilling moratorium for a period of about three years for deepwater areas in view of global shortage of deepwater rigs.

(b) As per Production Sharing Contracts (PSCs) contractors are required to complete Minimum Work Programme (MWP) within a given period in an exploration Phase. As the issue of moratorium is under consideration, amounts in lieu of unfinished work programme have not been imposed as yet.

(c) Till date, Government has not approved any such break.

Price fixation of LPG

†582. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that some formula has been made to fix the consumer sale price of LPG in the country;

†Original notice of the question was received in Hindi.

(b) if so, the items covered under this formula;

(c) the details of amount assessed item-wise for fixation of consumer sale price of LPG during the year 2007-2008; and

(d) the basis adopted to asses the basic price of LPG?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) The Government had decided that the subsidies on Domestic LPG, in the Post-APM era starting from 1.4.2002, would be on a specified flat-rate basis for each bottling plant and would be met from the fiscal budget. After providing for the aforesaid subsidy, the retail prices would then vary as per changes in the international oil prices. The subsidies were to be calculated as per the difference between cost price and issue price of LPG, where:

Cost price of domestic LPG for any bottling plant will be calculated on import parity basis. Details of elements in cost price have been specified in PDS Kerosence and Demestic LPG subsidy scheme 2002 notified on 28.01.2003.

Issue Price for the bottling plants from which sales of LPG are being affected prior to the commencement of the scheme the issue price of the products as on 31st March 2002, will be continued as such post 1st April, 2002 till revised by the participating company.

The basic selling price of domestic LPG is uniform across all refinery locations. The final selling price in markets varies on account of freight from refineries, local levies, delivery charges etc. The price build up of domestic LPG at Delhi in February, 2008 is given below:

Sl. No.	Particulars	Rs./Cyl.
1.	Price without customs Duty, Excise Duty and sales Tax components	283.41
2.	Custom Duty- Nil	0.00 0%
3.	Excise Duty- Nil	0.00 0%
4.	Sales Tax	11.34 4%
5.	Total of Customs Duty, Excise Duty and Sales Tax components (2+3+4)	11.34 4%
6.	Retail Selling Price at Delhi (1+5)	294.75

*Figures in bracket give the components of customs duty, excise duty and sales tax as a % of S. No. 6.

Despite of steep increase in international oil prices, the Government has not increased the price of domestic LPG over the last three years.

.Increase in sale price of gas for power/fertilizer Sector

†583. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the sale of natural gas for the purpose of utilisation in power and the form of fuel in fertilizers production sector is done by Government companies;

†Original notice of the question was received in Hindi.